

**BILL #** HB 2390

**TITLE:** energy efficient appliances; sales

**SPONSOR:** Mason

**STATUS:** As Amended by Senate Rules

**REQUESTED BY:** Senate

**PREPARED BY:** Nick Klingerman

## **FISCAL ANALYSIS**

### **Description**

HB 2390 creates energy efficiency standards, beginning January 1, 2008 or January 1, 2010 depending on the product, for certain products sold in Arizona that are not subject to federal regulations. The bill also requires the Department of Commerce's Energy Office to conduct a review and assessment that compares energy efficiency standards in Arizona to other states every three years beginning May 31, 2008.

### **Estimated Impact**

The JLBC Staff estimates the bill will have a state cost, at least in the short term, from requiring state agencies to purchase more expensive energy efficient products. In the long run, the state could save money on utility costs from energy savings as a result of using the energy efficient products. The magnitude of the short and long term impacts will depend on the products purchased, the price differential, the level of energy savings, and the products' estimated useful life.

The Arizona Department of Administration does not have a cost estimate for the bill.

### **Analysis**

The estimated fiscal impact depends on the type and amount of products described in HB 2390 the state purchases in subsequent fiscal years. According to a report compiled by Appliance Standards Awareness Project and the American Council for an Energy-Efficient Economy, the incremental costs of purchasing the energy efficient products described in HB 2390 range from \$5 for digital television adapters and pre-rinse spray valves to \$1,176 for large commercial packaged air conditioners greater than 20 tons. Energy savings as a result of the efficient products varies, with a payback time for the incremental costs of 1 month for pre-rinse spray valves to 6 years for pool pumps.

All state agencies are required by A.R.S. § 34-451 to purchase energy efficient products that are certified by the United States Department of Energy or products certified by the United States Environmental Protection Agency as Energy Star compliant if the payback period is eight years or less on a life cycle cost basis. HB 2390 would require the state to purchase energy efficient products regardless of the payback period. To the extent that the incremental costs of purchasing the products extend the payback period beyond the products' useful life, the state will not be able to recuperate the increased costs through energy savings. This would result in a cost to the state. If the incremental costs do not extend the payback period beyond the products' useful life, the state could benefit from lower utility expenses after the incremental costs are recovered. This would result in a savings to the state.

### **Local Government Impact**

The estimated fiscal impact to local governments would most likely be comparable to the state's and will depend on the type and amount of products purchased by counties and cities in subsequent fiscal years. Both the County Supervisors' Association and the League of Arizona Cities and Towns do not have a cost estimate for the bill.